

U.S. Car Sales Down Despite New Models

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DETROIT (AP) — New models and Labor Day holiday promotions didn't do much to fire Americans' appetites for new cars in September.

Sales at Chrysler and Ford rose slightly from August. They fell at General Motors and Honda and were flat at Toyota. Car companies say a recovery is still happening, but it's not as strong as they had hoped following a terrible 2009.

Expressed as an annual rate, September sales came in at a 11.76 million pace. That's up from a 11.47 million rate in August, but far below 2007's pre-recession total of 16 million. "We're not going to bust loose as you sometimes see after a downturn, but we'll see steady growth," said Don Johnson, GM's vice president of U.S. sales.

There were a few winners. Redesigned crossovers, which are SUVs on car frames, saw big jumps across the industry. Sales of the 2011 Ford Edge, Jeep Grand Cherokee and Toyota's RAV4 doubled, while General Motors' GMC Terrain surged more than 200 percent. With gas prices relatively low and credit loosening, buyers have been gravitating toward bigger vehicles.

Some new small cars also saw strong sales, including Ford's Fiesta subcompact, which gets up to 40 miles per gallon (5.9 liters per 100 kms). Automakers may have to rely even more heavily on more fuel-efficient cars in the future. The Obama administration proposed Friday to raise the fuel economy average to 62 miles per gallon (3.8 liters per 100 kms) by 2025.

Sales dropped 4 percent from August to 958,966, according to AutoData Corp. While it's typical for sales to decline after Labor Day, this August was one of the weakest on record.

Industry sales rose 29 percent from last September, but that was deceptive. The government's Cash for Clunkers rebate program, which ran during July and August of 2009, drew buyers who otherwise would have waited until later in the year.

September had the uneven sales that have plagued the industry all year. The month started strong thanks to Labor Day promotions, but sales tapered off until the final weekend, when new models and clearance sales on older ones piqued buyers' interest.

George Pipas, Ford's top sales analyst, said that though sales have seen monthly ups and downs this year, they continue to improve gradually.

Buyers remain cautious, responding to promotions and economic news, which means sales come in spurts. Still, those trends "encourage us that the buyers are

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out there and that the industry recovery will continue," said Bob Carter, group vice president at Toyota Motor Sales, USA, Inc.

So far, automakers have refused to pump up sales by offering big incentives, which was the usual tactic earlier this decade. Because car makers are now leaner and producing fewer vehicles, they aren't forced to use big discounts to move cars off lots. Incentive spending fell 3 percent from August to September to \$2,683 per vehicle, according to auto pricing site TrueCar.com.

But they'll try winning customers in other ways. GM has a new in-house car financing company and plans to offer new lease programs and target buyers with poor credit, a big part of the car buying market.

Auto loans are still restricted for people with poor or mediocre credit scores, Ford's chief economist Ellen Hughes-Cromwick said. It will probably take a few years — and more job creation — for buyers with medium and poor credit to return to the new car market.

But loans are available to people with high credit scores because banks and finance companies are extending credit more easily after last year's all-out freeze, she said. People with high scores generally buy pricier cars and trucks, which explains why sales of vehicles such as the Lexus GX crossover more than doubled over last September. The GX starts around \$52,000.

Ford Motor Co. bucked the trend of lower August-to-September sales. Sales rose 2 percent over the period and climbed 46 percent from last September.

Chrysler Group LLC, which has struggled all year, also saw September sales rise slightly from August and 61 percent from last September.

General Motor Co.'s sales fell about 6 percent from August. Sales rose 10.5 percent over last September.

Other automakers reporting Friday:

— Honda Motor Co. said sales fell about 10 percent from August on slower sales of the Accord and Civic sedans.

— Hyundai said sales fell 13 percent from August, as sales of the Elantra X slowed and even its hot-selling Sonata sedan lost ground. The sedan, which was redesigned for the 2011 model year, was subject to large recall last weekend because of a steering problem.

— Subaru said sales soared 47 percent in September, buoyed by a 91 percent increase in sales of its best-selling Outback wagon. Sales fell 3.6 percent from August.

— Volkswagen said its September sales rose 15 percent from last year due to stronger demand for the Jetta sedan, which the German automaker reworked for

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the 2011 model year with more interior space and a cheaper price tag. They fell 13 percent from August.

— Kia Motors fell 7 percent from August but rose 39 percent from a year ago, led by brisk sales of the Sorento crossover.

— Nissan sales fell 3.4 percent from August, as sales of both its Infiniti and Nissan brand vehicles fell. Sales rose 34 percent versus last September.

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